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UNCLAS SECTION 01 OF 03 BASRAH 000004

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STATE FOR EEB/TRA  
STATE PASS US DEPARTMENT OF TRANSPORTATION  
AMCONSULATE MONTREAL PASS US MISSION TO ICAO

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SUBJECT: BASRAH INTERNATIONAL AIRPORT: GREAT TRANSPORT AND COMMERCIAL  
POTENTIAL, BUT SLOW GOING DEVELOPING THE SURROUNDING AREA

REF: 09 BASRAH 16

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#### Summary -----

11. (SBU) Basrah International Airport (BIA) could play an important role in facilitating economic growth in southern Iraq, and become a force-multiplier for hydrocarbon, services, ports, and other commercial activity. Relatively new and under-utilized, the airport also connects to Iraq's rail, port, and road infrastructure. Since 2005, BIA has seen increased domestic, international, and charter flights. Service to more cities is planned in the near future. Today, BIA is fully under Iraqi civilian control, as the US military's presence diminishes. Since the 2009 FAA technical assessment, BIA has also addressed significant safety and security issues, moving the airport closer toward compliance with international standards. However, only modest progress has been made in developing the surrounding area owned by the Ministry of Transportation's Iraqi Civil Aviation Authority (ICAA). With increased investor interest in Basrah, and security the best it has been in five years, the time is ripe for continuing to push the MOT toward facilitating private investment at the airport. End summary.

#### Under-utilized airport, good transport links -----

12. (SBU) Located around eight miles west of Basrah city and 30 miles north of the Persian Gulf, BIA was built in 1987, and has been largely under-utilized ever since. Its single runway is 4,200 meters long and 23 meters wide, sufficient to handle modern commercial air carriers including long-haul aircraft such as Boeing 747s and Antonov cargo planes. The arrival gates, lobby and waiting areas are modern and clean. Many first-time visitors often express surprise at the airport's orderliness. The terminal has five gates and parking stands for up to 12 aircraft directly in front of the terminal building. There is also a seldom-used cargo hangar. BIA has good connecting multi-modal transport potential. The airport is linked by good roads to Baghdad (270 miles), Iran (18 miles), and Kuwait (32 miles). There is a rail station five miles away in downtown Basra. Iraq's only deep-water Port of Umm Qasr is 30 miles south via a good highway.

Increased commercial, charter, religious flights

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13. (SBU) While air traffic is still light, frequency has increased in recent years. BIA currently supports about 40 weekly scheduled civilian flights, by flag carrier Iraqi Airways (IA), Royal Jordanian, and UAE-based Jupiter Airways to and from Baghdad, Dubai, Amman, Erbil, and Sulemaniya. BIA and the MOT recently announced that IA will start a twice-weekly direct service between Basra and Beirut. Turkish Airways will begin a twice-weekly Istanbul-Najaf-Basra service. UAE-based Skylink Arabia will also soon re-start its three times per week route to Kuwait. UAE-based Skylink Arabia handles all US military and most commercial charter ground handling, passenger services, and cargo. IA handles all such activities for scheduled commercial flights.

14. (SBU) According to BIA management, three or four business charters come to BIA daily, mainly from Dubai, Kuwait, Amman, and Baghdad. During the December 2009 Hajj pilgrimage, around 4,200 passengers from Iraq, Iran, Jordan, and Kuwait traveled to Saudi Arabia via BIA. Other religious pilgrimage charters travel frequently to Shi'a religious sites in nearby Najaf and Karbala.

US military presence diminishing  
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15. (SBU) BIA was transferred to full Iraqi civilian control January 1, 2009, and is run by the ICAA under the MOT. Prior to that, the military had made changes to the airport in support of their military operation. In recent years, UK and US militaries used BIA in support of Coalition operations and had made structural changes to the airport, some of which need to be corrected before the airport can comply with ICAO standards. However, since 2003, the US military has also provided about \$120 million in runway and infrastructure improvements and trained Iraqi civilian staff. Two significant projects, which

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will improve the electrical services and runway, remain. US military personnel have provided some air traffic control services. Embassy Baghdad's Office of the Transportation Attache (OTA) officials have urged the GOI and the air traffic control manager to increase Iraqi-led hours of air traffic control. OTA is currently working with the military and the ICAA on all of these issues.

Important goal: Airport Certification, Compliance with International Standards  
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16. (SBU) Presently, even though some international carriers operate from BIA, the airport has not been fully assessed for compliance with international standards, specifically ICAO's Standards and Recommended Practices (SARPs) or ICAA specific standards in order to ensure that it meets minimum levels of airport operations, safety and security. Such compliance could help BIA attract more world class carriers and business, although several carriers currently operate at their own risk and extra cost. Compliance with ICAO standards or equivalent set of standards as well as ICAA airport certification are paramount goals of the airport and the ICAA. OTA is working with ICAA to develop such capabilities, including a certification program.

OTA and FAA assessment: Some deficiencies, but generally in good shape  
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17. (SBU) In March 2009, FAA, with OTA's assistance, conducted site assessments of BIA's passenger operations and runway, as they relate to ICAO standards. They also determined what steps were necessary for eventual ICAA certification of BIA. The ICAA Director General and BIA officials requested the assessment. The FAA found BIA's terminal and runway structures, operations and management to be in generally good shape. BIA is

underutilized and could handle greater traffic volumes. The team reviewed terminal operations from the perspective of inbound arriving and outbound departing passenger flow, from airport entry to aircraft boarding and back, including customs, immigration, and baggage claim. Ministry of Interior and ICAA personnel share security responsibilities. Some facilities and equipment improvements will likely be required in the medium term to support expansion.

¶8. (SBU) In December 2009, The OTA team conducted an informal assessment and found that improvements to the airfield are still needed, but noted significant progress since the March 2009 assessment. They concluded the airfield appears to be well managed overall. The runway, associated taxiways, and operational areas are in good condition. Deficiencies remain with the airfield electrical system associated with the runway and taxiway lighting system, some incorrectly installed or marked taxiway signs and paintings, and some fire fighting and fueling operations. OTA also recommends that BIA update its Aerodrome Manual, Safety Management System, and Aerodrome Maintenance Program. BIA staff asked for OTA's assistance in reviewing these programs, and OTA will consider this request.

Surrounding land ripe for commercial use; slow GOI response  
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¶9. (SBU) US and local businesspeople and government officials have long recognized the strong commercial potential of BIA's surrounding land and infrastructure. They see the area, which encompasses the Basra PRT, as a potential springboard for local development which could accommodate the fast-growing oil sector. PRT Basra is aware of several proposed foreign and local investor development projects to develop hotels and offices from existing buildings or to build new structures altogether. There are also plans to create special economic zones, and plans to privately manage BIA as a travel, cargo, logistics and warehousing hub. In most cases, these proposals have already received Basra Investment Commission investment licenses, but still lack the needed final approval from the MOT/ICAA. MOT, but more specifically ICAA, controls the land surrounding the airport and has developed a Master Plan for Basra Airport called Basra Airport City Masterplan. This plan was delayed due to internal MOT deliberations regarding the best mechanisms to engage investors.

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¶10. (SBU) There has been some recent movement. BIA officials recently told PRTOffs that IA will soon be awarded the concession rights for all airport properties and some surrounding land. IA in turn could hire a private company to develop these assets or construct new offices or hotels. BIA officials also confirmed that the Italian oil company ENI (which is partnering with U.S.-based Occidental and South Korea-based Kogas to develop the nearby Az Zubair oilfield) is building a small temporary office/housing compound adjacent to PRT Basra, and within the MOT-controlled airport land. BIA officials said that other parcels of similar land will be made available to other firms. The Minister of Transportation has also informed OTA that this is a priority and they are looking not only at short term, but also long term development plans.

Comment: Additional steps are needed for BIA development  
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¶11. (SBU) BIA and surrounding area holds great potential as a force multiplier in any southern Iraq economic resurgence. Sitting on top of seven percent of the world's oil reserves, and with the best security situation in years, Basrah Province's economy could be poised to take off. With such strong investor interest, the time is ripe to make this fine airport the transport and commercial hub it could be. The PRT, US Army, OTA and investors continue to encourage ICAA/MOT to take advantage of this unique opportunity. However, despite some small steps in this direction, the ICAA/MOT have yet to be able to fully overcome its bureaucracy and misgivings about private investment.

